

**EXHIBIT M**  
**TO THE DECLARATION OF**  
**JOHN W. SMITH T**

# Florida's Foreclosure King Investigated For Questionable Practices

**Multimillionaire Attorney David Stern Amassed Fortune Foreclosing on Homes**

By RAY SANCHEZ

Oct. 12, 2010—

A former paralegal with Florida's largest foreclosure law practice has told state investigators that the firm routinely signed court paperwork without reading it, misdated records, forged signatures and passed around notary stamps in the rush to foreclose on homes.

"This is just the beginning really," the paralegal, Tammie Lou Kapusta, told ABCNews.com. "It's the tip of an extreme iceberg."

The allegations are the latest leveled against the firm of multimillionaire attorney David J. Stern, who has amassed a fortune foreclosing on the homes of struggling families on behalf of lenders. The 50-year-old Stern even considered naming his \$20-million yacht "Su Casa Es Mi Casa ??? "Your House is My House," an acquaintance told the New York Times. After his wife and others reportedly cautioned against it, Stern settled on Misunderstood. He denied to the newspaper that he considered "Su Casa Es Mi Casa."

"From David Stern's perspective, he's a lawyer given defaulted mortgages to foreclose in a court proceeding," said his lawyer, Jeffrey Tew. "So it's really wrong to vilify him. Let's put it this way, there is a well-organized defense bar who is making a lot of money keeping people in their homes."

But it's the booming mortgage-servicing industry that is under legal scrutiny. Some 40 state attorneys general are expected to announce this week a joint investigation into the industry in hopes of pressuring financial institutions to rewrite a sea of troubled loans.

Across the nation, mortgage-servicers, which include units of major banks such as Bank of America Corp., have been accused of submitting fraudulent documents in thousands of foreclosure proceedings.

In Florida, Stern is foreclosure king, operating the large law firm plus a foreclosure processing company and other support businesses that he recently sold off.

His Plantation, Fla., firm, which filed 70,382 foreclosure cases last year, is the largest of three under investigation by state Attorney General Bill McCollum for allegedly filing improper documents with courts to hasten the overloaded foreclosure process.

## Foreclosure Industry Poster Boy

To detractors, the 50-year-old Stern has become emblematic of the foreclosure crisis, the architect of what they call a giant assembly line that has undermined struggling homeowners at a time of record foreclosures. Nationwide, there were 2.8 million foreclosures in 2009. Florida leads the nation in foreclosures with more than 400,000 filings this year alone.

"He is notorious in Florida and, in the rest of the country, we pay some attention to Florida because the worst behavior often emanates from there," said Linda Fisher, a professor and mortgage-fraud expert at Seton Hall University's law

To defenders, Stern is a hard worker who has legally reaped enormous profits representing banks and financial services in actions against tens of thousands of delinquent borrowers.

"It's really unfair to make the foreclosure lawyer ... somehow a villain," Tew said. "With the increase in volume, there's no question that David firm's revenues have grown dramatically but there's nothing wrong with that. He's not gouging."

Tew said Stern's firm makes about \$1,400 per foreclosure, totaling about \$98 million last year.

Still, the rising foreclosure tide also meant shortcuts and sloppy legal work, according to Kapusta's sworn statement to the state attorney general.

The paralegal, who worked for Stern a little more than a year, described an office where signatures on notarized documents were regularly forged, legal papers were outsourced to Guam and the Philippines, and shouting matches erupted when cases stalled.

The accusations, in a sworn statement taken late last month by the Florida attorney general, coincide with mounting nationwide criticism of the practices used to take homes from families.

Kapusta, who claims she was fired by the firm in July 2009 after refusing to falsify documents, said Stern's business jumped from about 200 employees to 1,100 in one year as foreclosures skyrocketed and staff struggled to keep up.

Notary stamps were always available, and employees such as Kapusta, who were not notaries, routinely used them on official documents, she said. Those who could best fake the signature of the person who verified foreclosure affidavits were allegedly sought out to forge her name.

"If you focus on the way these businesses operate, it's, at best, sloppy and, at worst, fraudulent," Fisher said of the firms that have become known as foreclosure mills. "The whole system was broken down."

Tew dismissed Kapusta's allegations as simply untrue, the rants of a disgruntled former employee. "You can see she has a real vindictiveness against the firm," he said. Stern's lawyer denied any wrongdoing in the foreclosure process.

"There is no question that there is a necessity to make these foreclosures correct and appropriate," Tew said. "We do not admit that there was any intentional cutting of corners. There may have been some human error on a very small percentage but there was no intentional cutting of corners."

In the past month, GMAC, JPMorgan Chase and Bank of America have halted or slowed foreclosure procedures, after bank employees and affiliates admitted to signing thousands of documents without knowing the details of the cases.

"The problems with these firms ??? and they're very sloppy practices ??? is that they unacceptably cut legal corners and put the burden on borrowers to basically pay whatever these folks have them pay," said Jeffrey Golant, an attorney in Pompano Beach. "They're loading down with junk fees and illegitimate charges, basically putting people who are already struggling, maybe possibly in most cases legitimately behind on their mortgages, but loading up with such abusive fees that people will never get out of foreclosure."

## **Yachts, Real Estate, Private Island**

Still, the crisis has been good for Stern and the rest of the mortgage-servicing industry. Stern and his wife Jeanine have brought nearly \$60 million in real estate in recent years, mostly in Florida, according to property records.

His 16,000-square-foot mansion, valued at more than \$15 million, occupies a corner lot in a private island community on the Atlantic Intracoastal Waterway in Fort Lauderdale, according to the New York Times and Mother Jones magazine.

The mansion is featured on a water-taxi tour of the area's grandest estates, including the homes of Jay Leno and billionaire Blockbuster founder Wayne Huizenga, and the former residence of Desi Arnaz and Lucille Ball. In addition to the 130-foot yacht, Stern reportedly has an automobile collection that includes a 2008 Bugatti and multiple Ferraris, Porsches and Mercedes. But Tew declined to discuss his client's assets. "All that does is feed into this scenario that somehow they're taking advantage of poor people who are losing their houses and getting rich off of it," he said. "You could say the same thing about a neurosurgeon that makes millions of dollars a year from people who sustained terrible head injuries."